

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SENATE BILL 1289

AN ACT

AMENDING SECTIONS 15-365, 15-393, 15-913, 15-913.01 AND 15-971, ARIZONA REVISED STATUTES; REPEALING SECTION 15-994, ARIZONA REVISED STATUTES; AMENDING SECTIONS 15-1461.01, 41-1276, 42-17051, 42-17107 AND 48-3620, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX LEVIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-365, Arizona Revised Statutes, is amended to
3 read:

4 15-365. Service programs operated through the office of a
5 county school superintendent; reports; definitions

6 A. The county school superintendent may establish service programs
7 which shall be available to any local school district governing board
8 officially requesting such programs.

9 B. Both central administrative costs and general service costs shall
10 be shared on a user basis and budgeted and paid as contract costs by the
11 districts using such programs, except as provided in subsections E, F and H
12 of this section.

13 C. Agreements or contracts entered into pursuant to this section shall
14 not be subject to the provisions of title 11, chapter 7, article 3 relating
15 to intergovernmental agreements and contracts.

16 D. Each county school superintendent shall submit to the school
17 districts involved and to the board of supervisors no later than May 31 of
18 each year a program progress report and a fiscal report including actual
19 expenditures through March 31 and estimates for the remainder of the fiscal
20 year on each service program in operation in such county.

21 E. County school superintendents may establish special small district
22 service programs designed to meet the special needs of school districts with
23 a total student count of fewer than six hundred in such areas as
24 administrative assistance and specialized services as follows:

25 1. For counties with seven or more school districts with a student
26 count of fewer than six hundred, the small district service program may serve
27 a single county or two or more counties.

28 2. Except as provided in subsection I of this section, for counties
29 with fewer than seven school districts with a student count of fewer than six
30 hundred, the small district service program shall serve two or more counties
31 as determined by the superintendent of public instruction.

32 F. The costs of the small district service program are payable in part
33 from the small district service program fund. Costs in excess of the amount
34 available in the small district service program fund shall be shared on a
35 user basis and budgeted and paid as contract costs by the district using such
36 programs. The small district service program fund for each program shall
37 consist of a base amount plus a per district amount for each school district
38 in the county or counties served which has a student count of fewer than six
39 hundred. For fiscal year 1989-1990, the base amount is fifty-six thousand
40 four hundred ninety-four dollars and the per district amount is five thousand
41 eighty-four dollars. Beginning with fiscal year 1990-1991, the base amount
42 and per district amount are the amounts for the prior year adjusted by the
43 growth rate prescribed by law, subject to appropriation. ~~The county~~
44 ~~treasurer shall pay the appropriate amount into the small district service~~
45 ~~program fund from monies collected from the tax levy for county equalization~~

1 ~~assistance for education as provided in section 15-994 before the monies are~~
2 ~~used to provide equalization assistance for education as provided in section~~
3 ~~15-971, subsection C, except that for small district service programs which~~
4 ~~serve two or more counties payment into the fund shall be as provided in~~
5 ~~subsection H of this section.~~

6 G. School districts which provide only financing for pupils who are
7 instructed by another district shall be included in determining the number of
8 districts counted for the small district service program fund.

9 H. For each small district service program which serves two or more
10 counties, a county of jurisdiction shall be selected by the superintendent of
11 public instruction. ~~Payment shall be made into the small district service~~
12 ~~program fund in the county of jurisdiction from monies collected from the tax~~
13 ~~levy for county equalization assistance for education as provided in section~~
14 ~~15-994 before the monies are used to provide equalization assistance as~~
15 ~~provided in section 15-994 by each county participating in the small district~~
16 ~~service program as follows:~~

17 1. ~~The county treasurer of each county which is not the county of~~
18 ~~jurisdiction shall pay to the county of jurisdiction an amount determined as~~
19 ~~follows:~~

20 (a) ~~Determine the total amount of the small district service program~~
21 ~~fund as provided in subsection F of this section.~~

22 (b) ~~Determine the total number of school districts with a student~~
23 ~~count of fewer than six hundred in all counties served by the small district~~
24 ~~service program.~~

25 (c) ~~Divide the amount determined in subdivision (a) of this paragraph~~
26 ~~by the amount determined in subdivision (b) of this paragraph.~~

27 (d) ~~Multiply the number of school districts with a student count of~~
28 ~~fewer than six hundred in each county by the amount determined in subdivision~~
29 ~~(c) of this paragraph.~~

30 (e) ~~The product determined in subdivision (d) of this paragraph is the~~
31 ~~amount which shall be paid to the county of jurisdiction.~~

32 2. ~~The county treasurer of the county of jurisdiction shall deposit~~
33 ~~the monies received from the other counties as provided in paragraph 1 of~~
34 ~~this subsection into the small district service program fund and shall also~~
35 ~~pay into the fund an amount equal to the quotient obtained in paragraph 1,~~
36 ~~subdivision (c) of this subsection multiplied by the number of school~~
37 ~~districts with a student count of fewer than six hundred in the county of~~
38 ~~jurisdiction.~~

39 I. If a small district service program is established before fiscal
40 year 1987-1988, the program may continue to operate as a single county
41 program if the county contains fewer than seven, but at least four, school
42 districts with a student count of fewer than six hundred.

43 J. A school district with a student count of six hundred or more in
44 the current year which participated in a small district service program and
45 which had a student count of fewer than six hundred in the prior year may

1 continue to participate in the program for the current year and one
2 additional year. The amount in the small district service program fund shall
3 be determined as if the district had a student count of fewer than six
4 hundred.

5 K. In this section, unless the context otherwise requires:

6 1. "Central administrative costs" means only those costs which are
7 incurred by the county school superintendent in administering any service
8 program which benefits all the school districts in the program and which are
9 shared on a user basis and budgeted and paid as contract costs by districts,
10 except as provided in subsections E, F and H of this section.

11 2. "General service costs" means those costs which are directly
12 related to each of the service programs, which are shared on a user basis and
13 which are budgeted and paid as contract costs by districts, except as
14 provided in subsections E, F and H of this section.

15 3. "Service programs" means those programs which can be accomplished
16 more efficiently and economically as multidistrict or multicounty operations.

17 4. "Student count" means the student count as defined in section
18 15-901, subsection A, except that it shall not include pupils enrolled in
19 grades nine through twelve to whom the district does not provide instruction
20 if the district is a common school district which is not within a high school
21 district.

22 Sec. 2. Section 15-393, Arizona Revised Statutes, is amended to read:

23 15-393. Joint technological education district governing board;
24 definition

25 A. The management and control of the joint district are vested in the
26 joint technological education district governing board. Unless the governing
27 boards of the school districts participating in the formation of the joint
28 district vote to implement an alternative election system as provided in
29 subsection B of this section, the joint board shall consist of five members
30 elected from five single member districts formed within the joint
31 district. The single member district election system shall be submitted as
32 part of the plan for the joint district pursuant to section 15-392 and shall
33 be established in the plan as follows:

34 1. The governing boards of the school districts participating in the
35 formation of the joint district shall define the boundaries of the single
36 member districts so that the single member districts are as nearly equal in
37 population as is practicable, except that if the joint district lies in part
38 in each of two or more counties, at least one single member district may be
39 entirely within each of the counties comprising the joint district if this
40 district design is consistent with the obligation to equalize the population
41 among single member districts.

42 2. The boundaries of each single member district shall follow election
43 precinct boundary lines, as far as practicable, in order to avoid further
44 segmentation of the precincts.

1 3. A person who is a registered voter of this state and who is a
2 resident of the single member district is eligible for election to the office
3 of joint board member from the single member district. The terms of office
4 of the members of the joint board shall be as prescribed in section 15-427,
5 subsection B.

6 4. Nominating petitions shall be signed by the number of qualified
7 electors of the single member district as provided in section 16-322.

8 B. The governing boards of the school districts participating in the
9 formation of the joint district may vote to implement any other alternative
10 election system for the election of joint district board members. If an
11 alternative election system is selected, it shall be submitted as part of the
12 plan for the joint district pursuant to section 15-392, and the
13 implementation of the system shall be as approved by the United States
14 justice department.

15 C. The joint technological education district shall be subject to the
16 following provisions of this title:

- 17 1. Chapter 1, articles 1 through 6.
- 18 2. Sections 15-208, 15-210, 15-213 and 15-234.
- 19 3. Articles 2, 3 and 5 of this chapter.
- 20 4. Section 15-361.
- 21 5. Chapter 4, articles 1, 2 and 5.
- 22 6. Chapter 5, articles 1, 2 and 3.
- 23 7. Sections 15-701.01, 15-722, 15-723, 15-724, 15-727, 15-728, 15-729
24 and 15-730.
- 25 8. Chapter 7, article 5.
- 26 9. Chapter 8, articles 1, 3 and 4.
- 27 10. Sections 15-828 and 15-829.
- 28 11. Chapter 9, articles 1, 6 and 7.
- 29 12. Sections 15-941, 15-943.01, 15-948, 15-952, 15-953 and 15-973.
- 30 13. Sections 15-1101 and 15-1104.
- 31 14. Chapter 10, articles 2, 3, 4 and 8.

32 D. Notwithstanding subsection C of this section, the following apply
33 to a joint technological education district:

34 1. A joint district may issue bonds for the purposes specified in
35 section 15-1021 and in chapter 4, article 5 of this title to an amount in the
36 aggregate, including the existing indebtedness, not exceeding one per cent of
37 the taxable property used for secondary tax purposes, as determined pursuant
38 to title 42, chapter 15, article 1, within the joint technological education
39 district as ascertained by the last property tax assessment previous to
40 issuing the bonds.

41 2. The number of governing board members for a joint district shall be
42 as prescribed in subsection A of this section.

43 3. If a career and technical education and vocational education course
44 or program provided pursuant to this article is provided in a facility owned
45 or operated by a school district in which a pupil is enrolled, including

1 satellite courses, the sum of the daily attendance, as provided in section
2 15-901, subsection A, paragraph 6, for that pupil in both the school district
3 and joint technological education district shall not exceed 1.250 and the sum
4 of the fractional student enrollment, as provided in section 15-901,
5 subsection A, paragraph 2, subdivision (a), shall not exceed 1.250 for the
6 courses taken in the school district and the facility, including satellite
7 courses. The school district and the joint district shall determine the
8 apportionment of the daily attendance and fractional student enrollment for
9 that pupil between the school district and the joint district.

10 4. The student count for the first year of operation of a joint
11 technological education district as provided in this article shall be
12 determined as follows:

13 (a) Determine the estimated student count for joint district classes
14 that will operate in the first year of operation. This estimate shall be
15 based on actual registration of pupils as of March 30 scheduled to attend
16 classes that will be operated by the joint district. The student count for
17 the district of residence of the pupils registered at the joint district
18 shall be adjusted. The adjustment shall cause the district of residence to
19 reduce the student count for the pupil to reflect the courses to be taken at
20 the joint district. The district of residence shall review and approve the
21 adjustment of its own student count as provided in this subdivision before
22 the pupils from the school district can be added to the student count of the
23 joint district.

24 (b) The student count for the new joint district shall be the student
25 count as determined in subdivision (a).

26 (c) After the first one hundred days or two hundred days in session,
27 as applicable, for the first year of operation, the joint district shall
28 revise the student count to the actual student count for students attending
29 classes in the joint district. A joint district shall revise its student
30 count, the base support level as provided in section 15-943.02, the revenue
31 control limit as provided in section 15-944.01, the capital outlay revenue
32 limit and the soft capital allocation as provided in section 15-962.01 prior
33 to May 15. A joint district that overestimated its student count shall
34 revise its budget prior to May 15. A joint district that underestimated its
35 student count may revise its budget prior to May 15.

36 (d) After the first one hundred days or two hundred days in session,
37 as applicable, for the first year of operation, the district of residence
38 shall adjust its student count by reducing it to reflect the courses actually
39 taken at the joint district. The district of residence shall revise its
40 student count, the base support level as provided in section 15-943, the
41 revenue control limit as provided in section 15-944, the capital outlay
42 revenue limit as provided in section 15-961 and the soft capital allocation
43 as provided in section 15-962 prior to May 15. A district that
44 underestimated the student count for students attending the joint district
45 shall revise its budget prior to May 15. A district that overestimated the

1 student count for students attending the joint district may revise its budget
2 prior to May 15.

3 (e) A joint district for the first year of operation shall not be
4 eligible for adjustment pursuant to section 15-948.

5 (f) The procedures for implementing this paragraph shall be as
6 prescribed in the uniform system of financial records.

7 (g) If the district of residence utilizes section 15-942 to determine
8 its student count, the district shall reduce its student count as provided in
9 this paragraph by subtracting the appropriate count from the student count
10 determined as provided in section 15-942.

11 For the purposes of this paragraph, "district of residence" means the
12 district that included the pupil in its average daily membership for the year
13 before the first year of operation of the joint district and that would have
14 included the pupil in its student count for the purposes of computing its
15 base support level for the fiscal year of the first year of operation of the
16 joint district if the pupil had not enrolled in the joint district.

17 5. A student includes any person enrolled in the joint district
18 without regard to the person's age or high school graduation status, except
19 that:

20 (a) A student in a kindergarten program or in grades one through eight
21 who enrolls in courses offered by the joint technological education district
22 shall not be included in the joint district's average daily attendance or
23 average daily membership.

24 (b) A student in a kindergarten program or in grades one through six
25 who is enrolled in vocational education courses shall not be funded in whole
26 or in part with monies provided by a joint technological education district.

27 (c) A student who is over twenty-two years of age shall not be
28 included in the student count of the joint district for the purposes of
29 chapter 9, articles 3, 4 and 5 of this title.

30 6. A joint district may operate for more than one hundred seventy-five
31 days per year, with expanded hours of service.

32 7. A joint district may use the excess utility costs provisions of
33 section 15-910 in the same manner as a school district for fiscal years
34 1999-2000 and 2000-2001, except that the base year shall be the first full
35 fiscal year of operations.

36 8. A joint district may use the carryforward provisions of section
37 15-943.01 retroactively to July 1, 1993.

38 9. A school district that is part of a joint district shall use any
39 monies received pursuant to this article to supplement and not supplant base
40 year career and technical education and vocational education courses, and
41 directly related equipment and facilities, except that a school district that
42 is part of a joint technological education district and that has used monies
43 received pursuant to this article to supplant career and technological
44 education and vocational education courses that were offered before the first
45 year that the school district participated in the joint district or the first

1 year that the school district used monies received pursuant to this article
2 or that used the monies for purposes other than for career and technological
3 education and vocational education courses shall:

4 (a) Use at least thirty-three per cent of the monies received pursuant
5 to this article in fiscal year 2005-2006 to supplement and not supplant base
6 year career and technical education and vocational education courses.

7 (b) Use at least sixty-six per cent of the monies received pursuant to
8 this article in fiscal year 2006-2007 to supplement and not supplant base
9 year career and technical education and vocational education courses.

10 (c) Use one hundred per cent of the monies received pursuant to this
11 article in fiscal year 2007-2008 and each fiscal year thereafter to
12 supplement and not supplant base year career and technical education and
13 vocational education courses.

14 10. A joint technological education district shall use any monies
15 received pursuant to this article to enhance career and technical education
16 and vocational education courses, and directly related equipment and
17 facilities.

18 11. A joint technological education district or a school district that
19 is part of a joint district shall only include pupils in grades nine through
20 twelve in the calculation of average daily membership or average daily
21 attendance if the pupils are enrolled in courses that are approved jointly by
22 the governing board of the joint technological education district and each
23 participating school district for satellite courses taught within the
24 participating school district, or approved solely by the joint technological
25 education district for centrally located courses. Average daily membership
26 and average daily attendance from courses that are not part of an approved
27 program for career and technical education shall not be included in average
28 daily membership and average daily attendance of a joint technological
29 education district.

30 E. The joint board shall appoint a superintendent as the executive
31 officer of the joint district.

32 F. Taxes may be levied for the support of the joint district as
33 prescribed in chapter 9, article 6 of this title. ~~Except for the taxes~~
34 ~~levied pursuant to section 15-994,~~ Such taxes shall be obtained from a levy
35 of taxes on the taxable property used for secondary tax purposes.

36 G. The schools in the joint district are available to all persons who
37 reside in the joint district subject to the rules for admission prescribed by
38 the joint board.

39 H. The joint board may collect tuition for adult students and the
40 attendance of pupils who are residents of school districts that are not
41 participating in the joint district pursuant to arrangements made between the
42 governing board of the district and the joint board.

43 I. The joint board may accept gifts, grants, federal monies, tuition
44 and other allocations of monies to erect, repair and equip buildings and for
45 the cost of operation of the schools of the joint district.

1 J. One member of the joint board shall be selected chairman. The
2 chairman shall be selected annually on a rotation basis from among the
3 participating school districts. The chairman of the joint board shall be a
4 voting member.

5 K. A joint board and a community college district may enter into
6 agreements for the provision of administrative, operational and educational
7 services and facilities.

8 L. For the purposes of this section, "base year" means the complete
9 school year in which voters of a school district elected to join a joint
10 technological education district.

11 Sec. 3. Section 15-913, Arizona Revised Statutes, is amended to read:

12 15-913. Education program; juvenile detention centers

13 A. Each county that operates a juvenile detention center shall offer
14 an education program to serve all school-age children in its juvenile
15 detention center. The county school superintendent and the presiding
16 juvenile court judge in each county shall agree on the method of delivery of
17 the juvenile detention center education program.

18 B. The state board of education shall prescribe standards and
19 achievement testing requirements for county juvenile detention center
20 education programs that shall attempt to ensure that the programs are
21 compatible with public school education goals and requirements. The county
22 school superintendent shall attempt to coordinate the program with each
23 pupil's school district of residence to assist the pupil's transition back to
24 the school district at the appropriate time.

25 C. A county may operate its juvenile detention center education
26 program through an existing accommodation school.

27 D. If a county chooses not to operate its juvenile detention center
28 education program through an existing accommodation school, the county school
29 superintendent may establish a detention center education fund to provide
30 financial support to the program. The detention center education fund for
31 each program shall consist of a base amount plus a variable amount. For
32 fiscal year 1994-1995 the base amount is twenty thousand dollars and the
33 variable amount shall be determined pursuant to subsection E of this
34 section. Beginning with fiscal year 1995-1996 the base amount is the amount
35 for the prior year adjusted by the growth rate prescribed by law, subject to
36 appropriation. ~~The county treasurer shall deposit the appropriate amount
37 into the detention center education fund from monies that are collected from
38 the tax levy for county equalization assistance for education pursuant to
39 section 15-994 after the monies are used pursuant to section 15-365,
40 subsection F and before the monies are used to provide equalization
41 assistance for education pursuant to section 15-971, subsection C, except
42 that if a county detention center education program serves more than one
43 county, payment into the fund shall be pursuant to subsection F of this
44 section.~~

45 E. The variable amount shall be determined as follows:

1 1. Determine the number of days in the prior fiscal year that each
2 child who had been in the detention center for more than forty-eight hours
3 received an instructional program of at least two hundred forty minutes. No
4 school district may count a child as being in attendance in that school
5 district on a day that the child is counted for the purposes of this
6 paragraph.

7 2. Multiply the number of days determined under paragraph 1 of this
8 subsection by the following amount:

9 (a) For fiscal year 1994-1995, fifteen dollars.

10 (b) For fiscal year 1995-1996 and thereafter, the amount for the prior
11 year adjusted by the growth rate prescribed by law, subject to appropriation.

12 3. For each child with a disability as defined in section 15-761 who
13 had been in the detention center for more than forty-eight hours:

14 (a) Determine the amount prescribed in section 15-1204, subsection E,
15 paragraph 1 or 2 and add one hundred dollars for capital outlay costs.

16 (b) Divide the sum determined under subdivision (a) of this paragraph
17 by one hundred seventy-five.

18 (c) Subtract the amount prescribed in paragraph 2, subdivision (a) or
19 (b) of this subsection from the quotient determined in subdivision (b) of
20 this paragraph.

21 (d) Determine the number of days in the prior fiscal year that the
22 child received an instructional program of at least two hundred forty
23 minutes.

24 (e) Multiply the amount determined in subdivision (d) of this
25 paragraph by the difference determined in subdivision (c) of this paragraph.

26 4. Add the amounts determined in paragraph 3 of this subsection for
27 all children with disabilities.

28 5. Add the sum determined in paragraph 4 of this subsection to the
29 product determined in paragraph 2 of this subsection. This sum is the
30 variable amount.

31 F. If a county detention center education program serves more than one
32 county, the county school superintendents and the presiding juvenile court
33 judges of the counties being served shall agree on a county of
34 jurisdiction. ~~The county treasurer shall pay the appropriate amount into the~~
35 ~~detention center education fund of the county of jurisdiction from monies~~
36 ~~collected pursuant to subsection D of this section as follows:~~

37 ~~1. The total base amount shall be prorated among the counties based on~~
38 ~~the total number of days as determined under subsection E, paragraph 1 of~~
39 ~~this section that children from each county were served.~~

40 ~~2. The variable amount shall be calculated separately for each county.~~

41 ~~3. The county treasurer of each county that is not the county of~~
42 ~~jurisdiction shall pay its variable amount and its portion of the base amount~~
43 ~~to the county of jurisdiction.~~

44 ~~4. The county treasurer of the county of jurisdiction shall deposit~~
45 ~~the monies received from the other counties pursuant to paragraph 3 of this~~

1 ~~subsection into the detention center education fund and shall pay into the~~
2 ~~fund its variable amount and its portion of the base amount.~~

3 G. If a county operated a juvenile detention center education program
4 through an accommodation school in the year before it begins to operate its
5 juvenile detention center education program as provided in subsection D of
6 this section, for the first year of operation as provided in subsection D of
7 this section, the student count of the accommodation school shall be reduced
8 by the student count attributable to the detention center program. The
9 provisions of section 15-942 shall not apply to this reduction in student
10 count.

11 Sec. 4. Section 15-913.01, Arizona Revised Statutes, is amended to
12 read:

13 15-913.01. Education program; county jails

14 A. Each county that operates a county jail shall offer an education
15 program to serve all prisoners who are under eighteen years of age and
16 prisoners with disabilities who are age twenty-one or younger and who are
17 confined in the county jail. The county school superintendent and the
18 sheriff in each county shall agree on the method of delivery of the education
19 program.

20 B. The county school superintendent shall develop policies and
21 procedures for the transfer of educational records of any prisoner confined
22 in a county jail who has been transferred from a juvenile detention center or
23 from any other public agency which has provided educational services to that
24 prisoner.

25 C. A county may operate its county jail education program through an
26 accommodation school that provides alternative education services pursuant to
27 section 15-308, except that each pupil enrolled in the accommodation school
28 county jail education program shall be funded at an amount equal to
29 seventy-two per cent of the amount for that pupil if that pupil ~~was~~ WERE
30 enrolled in another accommodation school program.

31 D. If a county chooses not to operate its county jail education
32 program through an accommodation school, the county school superintendent may
33 establish a county jail education fund to provide financial support to the
34 program. The county jail education fund for each program shall consist of a
35 base amount plus a variable amount. For fiscal year 1999-2000 the base
36 amount is fourteen thousand four hundred dollars and the variable amount
37 shall be determined pursuant to subsection E of this section. ~~The county~~
38 ~~treasurer shall deposit the appropriate amount into the county jail education~~
39 ~~fund from monies that are collected from the tax levy for county equalization~~
40 ~~assistance for education pursuant to section 15-994 after the monies are used~~
41 ~~pursuant to section 15-365, subsection F and before the monies are used to~~
42 ~~provide equalization assistance for education pursuant to section 15-971,~~
43 ~~subsection C, except that if a county jail education program serves more than~~
44 ~~one county, payment into the fund shall be pursuant to subsection F of this~~
45 ~~section.~~

1 E. The variable amount shall be determined as follows:

2 1. Determine the number of days in the prior fiscal year that each
3 pupil who is a prisoner and had been in the county jail for more than
4 forty-eight hours received an instructional program of at least two hundred
5 forty minutes. No school district may count a pupil as being in attendance
6 in that school district on a day that the pupil is counted as a prisoner for
7 the purposes of this paragraph.

8 2. Multiply the number of days determined under paragraph 1 of this
9 subsection by the following amount:

10 (a) For fiscal year 1999-2000, ten dollars ~~and~~ eighty cents.

11 (b) For fiscal year 2000-2001 and each year thereafter, the amount for
12 the prior year adjusted by any growth rate prescribed by law, subject to
13 legislative appropriation.

14 3. For each pupil who is a child with a disability as defined in
15 section 15-761, who is a prisoner and who had been in the county jail for
16 more than forty-eight hours:

17 (a) Determine the amount prescribed in section 15-1204, subsection E,
18 paragraph 1 or 2, multiply the amount by .72 and add seventy-two dollars for
19 capital outlay costs.

20 (b) Divide the sum determined under subdivision (a) of this paragraph
21 by one hundred seventy-five.

22 (c) Subtract the amount prescribed in paragraph 2 of this subsection
23 from the quotient determined in subdivision (b) of this paragraph.

24 (d) Determine the number of days in the prior fiscal year that the
25 pupil received an instructional program of at least two hundred forty
26 minutes.

27 (e) Multiply the amount determined in subdivision (d) of this
28 paragraph by the difference determined in subdivision (c) of this paragraph.

29 4. Add the amounts determined in paragraph 3 of this subsection for
30 all pupils with disabilities who are prisoners.

31 5. Add the sum determined in paragraph 4 of this subsection to the
32 product determined in paragraph 2 of this subsection. This sum is the
33 variable amount.

34 ~~F. If a county jail education program serves more than one county, the~~
35 ~~county school superintendents and the sheriffs of the counties being served~~
36 ~~shall agree on a county of jurisdiction. The county treasurer shall pay the~~
37 ~~appropriate amount into the county jail education fund of the county of~~
38 ~~jurisdiction from monies collected pursuant to subsection D of this section~~
39 ~~as follows:~~

40 ~~1. The total base amount shall be prorated among the counties based on~~
41 ~~the total number of days as determined under subsection E, paragraph 1 of~~
42 ~~this section that pupils who are prisoners from each county were served.~~

43 ~~2. The variable amount shall be calculated separately for each county.~~

1 ~~3. The county treasurer of each county that is not the county of~~
2 ~~jurisdiction shall pay its variable amount and its portion of the base amount~~
3 ~~to the county of jurisdiction.~~

4 ~~4. The county treasurer of the county of jurisdiction shall deposit~~
5 ~~the monies received from the other counties pursuant to paragraph 3 of this~~
6 ~~subsection into the county jail education fund and shall pay into the fund~~
7 ~~its variable amount and its portion of the base amount.~~

8 ~~G.~~ F. If a county operated a county jail education program through an
9 accommodation school in the year before it begins to operate its county jail
10 education program as provided in subsection D of this section, for the first
11 year of operation as provided in subsection D of this section, the student
12 count of the accommodation school shall be reduced by the average daily
13 membership attributable to the accommodation school's county jail program in
14 its last fiscal year of operation. The provisions of section 15-942 shall
15 not apply to this reduction in student count.

16 Sec. 5. Section 15-971, Arizona Revised Statutes, is amended to read:
17 15-971. Determination of equalization assistance payments from
18 county and state funds for school districts

19 A. Equalization assistance for education is computed by determining
20 the total of the following:

21 1. The lesser of a school district's revenue control limit or district
22 support level as determined in section 15-947 or 15-951.

23 2. The capital outlay revenue limit of a school district as determined
24 in section 15-951 or 15-961.

25 3. The soft capital allocation of a school district as determined in
26 section 15-951 or 15-962.

27 B. From the total of the amounts determined in subsection A of this
28 section subtract:

29 1. The amount that would be produced by levying the applicable
30 qualifying tax rate determined pursuant to section 41-1276 for a high school
31 district or a common school district within a high school district which does
32 not offer instruction in high school subjects as provided in section 15-447.

33 2. The amount that would be produced by levying the applicable
34 qualifying tax rate determined pursuant to section 41-1276 for a unified
35 school district, a common school district not within a high school district
36 or a common school district within a high school district which offers
37 instruction in high school subjects as provided in section 15-447. The
38 qualifying tax rate shall be applied in the following manner:

39 (a) For the purposes of the amount determined in subsection A,
40 paragraph 1 of this section:

41 (i) Determine separately the percentage that the weighted student
42 count in preschool programs for children with disabilities, kindergarten
43 programs and grades one through eight and the weighted student count in
44 grades nine through twelve is to the weighted student count determined in
45 subtotal A as provided in section 15-943, paragraph 2, subdivision (a).

1 (ii) Apply the percentages determined in item (i) of this subdivision
2 to the amount determined in subsection A, paragraph 1 of this section.

3 (b) For the purposes of the amounts determined in subsection A,
4 paragraphs 2 and 3 of this section determine separately the amount of the
5 capital outlay revenue limit and the amount of the soft capital allocation
6 attributable to the student count in preschool programs for children with
7 disabilities, kindergarten programs and grades one through eight and grades
8 nine through twelve.

9 (c) From the amounts determined in subdivisions (a) and (b) of this
10 paragraph subtract the levy which would be produced by the current qualifying
11 tax rate for a high school district or a common school district within a high
12 school district that does not offer instruction in high school subjects as
13 provided in section 15-447. If the qualifying tax rate generates a levy
14 which is in excess of the total determined in subsection A of this section,
15 the school district shall not be eligible for equalization assistance. In
16 this subsection "assessed valuation" includes the values used to determine
17 voluntary contributions collected pursuant to title 9, chapter 4, article 3
18 and title 48, chapter 1, article 8.

19 3. The amount that would be produced by levying a qualifying tax rate
20 in a joint vocational and technological education district, which shall be
21 five cents per one hundred dollars assessed valuation unless the legislature
22 sets a lower rate by law.

23 4. The amount of government property lease excise tax monies that were
24 distributed to the district pursuant to section 42-6205 during the preceding
25 fiscal year.

26 C. County aid for equalization assistance for education shall be
27 computed as follows:

28 1. Determine the total equalization assistance for all school
29 districts in the county as provided in subsections A and B of this section.

30 ~~2. Determine the total amount of county aid collected for all school~~
31 ~~districts in the county as provided in section 15-994.~~

32 ~~3. Divide the amount determined in paragraph 2 of this subsection by~~
33 ~~the amount determined in paragraph 1 of this subsection.~~

34 ~~4.~~ 2. Multiply the amount determined in subsections A and B of this
35 section by the ~~quotient~~ AMOUNT determined in paragraph ~~3-~~ 1 of this
36 subsection for each school district.

37 ~~5-~~ 3. The amount determined in paragraph 4 of this subsection shall
38 be the county aid for equalization assistance for education for a school
39 district.

40 D. State aid for equalization assistance for education for a school
41 district shall be computed as follows:

42 1. Determine the equalization assistance for education for a school
43 district as provided in subsections A and B of this section.

1 ~~2. For each county, determine the levy that would be produced by the~~
2 ~~tax rate for equalization assistance for education prescribed in section~~
3 ~~15-994, subsection A.~~

4 ~~3. For each county, determine the total amount to be paid from monies~~
5 ~~collected from the tax levy for equalization assistance for education into~~
6 ~~the small district service program fund as prescribed by section 15-365 and~~
7 ~~into the detention center education fund as prescribed by section 15-913.~~

8 ~~4. Subtract the amount determined in paragraph 3 of this subsection~~
9 ~~from the amount determined in paragraph 2 of this subsection.~~

10 ~~5.~~ 2. Prorate the amount determined in paragraph ~~4~~ 1 of this
11 subsection to each school district in the county as prescribed by subsection
12 C of this section.

13 ~~6.~~ 3. Subtract the amount determined in paragraph ~~5~~ 2 of this
14 subsection from the amount determined in paragraph 1 of this subsection.

15 E. Equalization assistance for education shall be paid from
16 appropriations for that purpose to the school districts as provided in
17 section 15-973.

18 F. A school district shall report expenditures on approved career and
19 technical education and vocational education programs in the annual financial
20 report according to uniform guidelines prescribed by the uniform system of
21 financial records and in order to facilitate compliance with sections 15-255
22 and 15-904.

23 G. The additional weight for state aid purposes given to special
24 education as provided in section 15-943 shall be given to school districts
25 only if special education programs comply with the provisions of chapter 7,
26 article 4 of this title and the conditions and standards prescribed by the
27 superintendent of public instruction pursuant to rules of the state board of
28 education for pupil identification and placement pursuant to sections 15-766
29 and 15-767.

30 H. In addition to general fund appropriations, all amounts received
31 pursuant to section 37-521, subsection B, paragraph 3 and section 42-5029,
32 subsection E, paragraph 5 and from any other source for the purposes of this
33 section are appropriated for state aid to schools as provided in this
34 section.

35 I. The total amount of state monies that may be spent in any fiscal
36 year for state equalization assistance shall not exceed the amount
37 appropriated or authorized by section 35-173 for that purpose. This section
38 shall not be construed to impose a duty on an officer, agent or employee of
39 this state to discharge a responsibility or to create any right in a person
40 or group if the discharge or right would require an expenditure of state
41 monies in excess of the expenditure authorized by legislative appropriation
42 for that specific purpose.

43 Sec. 6. Repeal

44 Section 15-994, Arizona Revised Statutes, is repealed.

1 Sec. 7. Section 15-1461.01, Arizona Revised Statutes, is amended to
2 read:

3 15-1461.01. Truth in taxation; election, notice and hearing;
4 governing board vote on tax increase; definition

5 A. IF A DISTRICT GOVERNING BOARD INTENDS OR ANTICIPATES AN INCREASE IN
6 THE PRIMARY PROPERTY TAX LEVY, THE GOVERNING BOARD MUST RECEIVE APPROVAL BY
7 THE QUALIFIED ELECTORS OF THE DISTRICT AS FOLLOWS:

8 1. THE GOVERNING BOARD MUST SUBMIT THE ISSUE OF LEVYING INCREASED
9 PRIMARY PROPERTY TAXES TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE
10 THIRD TUESDAY IN MAY IN AN ODD-NUMBERED YEAR.

11 2. THE GOVERNING BOARD SHALL PREPARE AND MAIL ONE COPY OF THE NOTICE
12 OF THE TAX INCREASE PRESCRIBED BY SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d)
13 OF THIS SECTION TO EACH HOUSEHOLD CONTAINING A REGISTERED VOTER IN THE
14 DISTRICT. THE MAILINGS MAY BE MADE OVER A PERIOD OF DAYS BUT MUST BE MAILED
15 FOR DELIVERY AT LEAST THIRTY DAYS BEFORE THE BEGINNING OF EARLY VOTING.

16 3. THE ISSUE SHALL BE PRESENTED ON THE BALLOT AS FOLLOWS: "MAY THE
17 _____ COMMUNITY COLLEGE DISTRICT RAISE ITS PRIMARY PROPERTY TAXES
18 FOR THE ____ [AND ____] TAX YEAR[S] AS PROVIDED BY THE ARIZONA TRUTH IN
19 TAXATION LAWS? ____ YES ____ NO"

20 4. IF A MAJORITY OF THE QUALIFIED ELECTORS VOTING ON THE ISSUE:

21 (a) APPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BOARD MAY
22 INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER OR BOTH OF THE CURRENT AND
23 IMMEDIATELY FOLLOWING TAX YEARS IN THE MANNER PRESCRIBED BY THIS SECTION AND
24 CONSISTENT WITH THE PROPOSITION DESCRIBED FOR THE PURPOSES OF THE ELECTION.

25 (b) DISAPPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BOARD
26 SHALL NOT INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER THE CURRENT OR THE
27 IMMEDIATELY FOLLOWING TAX YEAR.

28 ~~A.~~ B. On or before February 10 of the tax year, the county assessor
29 shall transmit and certify to the property tax oversight commission and to
30 the district governing board the total net primary assessed values that are
31 required to compute the levy limit prescribed by section 42-17051. IF
32 AUTHORIZED BY THE QUALIFIED ELECTORS, AND if the proposed primary property
33 tax levy, excluding amounts that are attributable to new construction, is
34 greater than the amount levied in the preceding tax year by the district:

35 1. The district governing board shall publish a notice that meets the
36 following requirements:

37 (a) The notice shall be published twice in a newspaper of general
38 circulation in the district. The first publication shall be at least
39 fourteen but not more than twenty days before the date of the hearing. The
40 second publication shall be at least seven but not more than ten days before
41 the date of the hearing.

42 (b) The notice shall be published in a location other than the
43 classified or legal advertising section of the newspaper in which it is
44 published.

1 (c) The notice shall be at least one-fourth page in size and shall be
2 surrounded by a solid black border at least one-eighth inch in width.

3 (d) The notice shall be in the following form, with the "truth in
4 taxation hearing - notice of tax increase" headline in at least eighteen
5 point type:

6 Truth in Taxation Hearing
7 Notice of Tax Increase

8 In compliance with section 15-1461.01, Arizona Revised
9 Statutes, _____ community college district is notifying its
10 property taxpayers of _____ community college district's
11 intention to raise its primary property taxes over last year's
12 level. The _____ community college district is proposing
13 an increase in primary property taxes of \$_____ or ____%.

14 For example, the proposed tax increase will cause
15 _____ community college district's primary property taxes
16 on a \$100,000 home to increase from \$_____ (total taxes
17 that would be owed without the proposed tax increase) to
18 \$_____ (total proposed taxes including the tax increase).

19 This proposed increase is exclusive of increased primary
20 property taxes received from new construction. The increase is
21 also exclusive of any changes that may occur from property tax
22 levies for voter approved bonded indebtedness or budget and tax
23 overrides.

24 All interested citizens are invited to attend the public
25 hearing on the tax increase that is scheduled to be held
26 _____ (date and time) at _____ (location).

27 2. In lieu of publishing the truth in taxation notice, the district
28 board may mail the truth in taxation notice prescribed by paragraph 1,
29 subdivision (d) **OF THIS SUBSECTION** to all registered voters in the district
30 at least ten but not more than twenty days before the date of the hearing.

31 3. In addition to publishing the truth in taxation notice under
32 paragraph 1 **OF THIS SUBSECTION** or mailing the notice under paragraph 2 **OF**
33 **THIS SUBSECTION**, the district governing board shall issue a press release
34 containing the truth in taxation notice to all newspapers of general
35 circulation in the district.

36 4. The district board shall consider a motion to levy the increased
37 property taxes by roll call vote.

38 5. Within three days after the hearing, the district board shall mail
39 a copy of the truth in taxation notice, a statement of its publication or
40 mailing and the result of the district board's vote under paragraph 4 **OF THIS**
41 **SUBSECTION** to the property tax oversight commission established by section
42 42-17002.

43 6. The district board shall hold the truth in taxation hearing on or
44 before the adoption of the county, city or town budget under section
45 42-17105.

1 ~~B.~~ C. IF THE QUALIFIED ELECTORS DISAPPROVE AN INCREASED PRIMARY
2 PROPERTY TAX LEVY OR if the governing board fails to comply with the
3 requirements of this section, the governing board shall not fix, levy or
4 assess an amount of primary property taxes that exceeds the preceding year's
5 amount, except for amounts attributable to new construction.

6 ~~C.~~ D. For THE purposes of this section, "amount attributable to new
7 construction" means the net assessed valuation of property added to the tax
8 roll since the previous year multiplied by a property tax rate computed by
9 dividing the district's primary property tax levy in the preceding year by
10 the estimate of the district's total net assessed valuation for the current
11 year, excluding the net assessed valuation attributable to new construction.

12 Sec. 8. Section 41-1276, Arizona Revised Statutes, is amended to read:

13 41-1276. Truth in taxation levy for equalization assistance to
14 school districts

15 A. On or before February 15 of each year, the joint legislative budget
16 committee shall compute and transmit the truth in taxation rates for
17 equalization assistance for school districts for the following fiscal year
18 to:

19 1. The chairmen of the house of representatives ways and means
20 committee and the senate finance committee or their successor committees.

21 2. The chairmen of the appropriations committees of the senate and the
22 house of representatives or their successor committees.

23 B. The truth in taxation rates consist of the qualifying tax rate for
24 a high school district or a common school district within a high school
25 district that does not offer instruction in high school subjects pursuant to
26 section 15-971, subsection B, paragraph 1, ~~AND~~ a qualifying tax rate for a
27 unified district, a common school district not within a high school district
28 or a common school district within a high school district that offers
29 instruction in high school subjects pursuant to section 15-971, subsection B,
30 paragraph 2 ~~and a county equalization assistance for education tax rate~~
31 ~~pursuant to section 15-994~~ that will offset the change in net assessed
32 valuation of property that was subject to tax in the prior year.

33 C. The joint legislative budget committee shall compute the truth in
34 taxation rates as follows:

35 1. Determine the statewide primary net assessed value for the
36 preceding tax year as provided in section 42-17151, subsection A,
37 paragraph 3.

38 2. Determine the statewide primary net assessed value for the current
39 tax year, excluding the net assessed value of property that was not subject
40 to tax in the preceding year.

41 3. Divide the amount determined in paragraph 1 of this subsection by
42 the amount determined in paragraph 2 of this subsection.

43 4. Adjust the qualifying tax rates ~~and the county equalization~~
44 ~~assistance for education tax rate~~ for the current fiscal year by the

1 percentage determined in paragraph 3 of this subsection in order to offset
2 the change in net assessed value.

3 D. Except as provided in subsections E and G of this section, the
4 qualifying tax rate for a high school district or a common school district
5 within a high school district that does not offer instruction in high school
6 subjects, the qualifying tax rate for a unified school district, a common
7 school district not within a high school district or a common school district
8 within a high school district that offers instruction in high school subjects
9 ~~and the county equalization assistance for education tax rate~~ for the
10 following fiscal year shall be the rate determined by the joint legislative
11 budget committee pursuant to subsection C of this section. The committee
12 shall transmit the rates to the superintendent of public instruction and the
13 county boards of supervisors by March 15 each year.

14 E. If the legislature proposes ~~either~~ qualifying tax rates ~~or a county~~
15 ~~equalization assistance for education tax rate~~ that ~~exceeds~~ EXCEED the truth
16 in taxation rate:

17 1. The house of representatives ways and means committee and the
18 senate finance committee or their successor committees shall hold a joint
19 hearing on or before February 28 and publish a notice of a truth in taxation
20 hearing that meets the following requirements:

21 (a) The notice shall be published twice in a newspaper of general
22 circulation in this state that is published at the state capital. The first
23 publication shall be at least fourteen but not more than twenty days before
24 the date of the hearing. The second publication shall be at least seven but
25 not more than ten days before the date of the hearing.

26 (b) The notice shall be published in a location other than the
27 classified or legal advertising section of the newspaper.

28 (c) The notice shall be at least one-fourth page in size and shall be
29 surrounded by a solid black border at least one-eighth inch in width.

30 (d) The notice shall be in the following form, with the "truth in
31 taxation hearing - notice of tax increase" headline in at least eighteen
32 point type:

33 Truth in Taxation Hearing

34 Notice of Tax Increase

35 In compliance with section 41-1276, Arizona Revised
36 Statutes, the state legislature is notifying property taxpayers
37 in Arizona of the legislature's intention to raise the property
38 tax levy over last year's level.

39 The proposed tax increase will cause the taxes on a
40 \$100,000 home to increase by \$_____.

41 All interested citizens are invited to attend a public
42 hearing on the tax increase that is scheduled to be held
43 _____ (date and time) at _____ (location).

44 (e) For purposes of computing the tax increase on a one hundred
45 thousand dollar home as required by the notice, the joint meeting of the

1 house of representatives ways and means committee and the senate finance
2 committee or their successor committees shall consider the difference between
3 the truth in taxation rate and the proposed increased rate.

4 2. The joint meeting of the house of representatives ways and means
5 committee and the senate finance committee or their successor committees
6 shall consider any motion to recommend the proposed tax rates to the full
7 legislature by roll call vote.

8 F. In addition to publishing the truth in taxation notice under
9 subsection E, paragraph 1 of this section, the joint meeting of the house of
10 representatives ways and means committee and the senate finance committee or
11 their successor committees shall issue a press release containing the truth
12 in taxation notice.

13 G. Notwithstanding any other law, the legislature shall not adopt a
14 state budget that provides for ~~either~~ qualifying tax rates pursuant to
15 section 15-971 ~~or a county equalization assistance for education tax rate~~
16 ~~pursuant to section 15-994~~ that exceeds EXCEED the truth in taxation rates
17 computed pursuant to subsection A of this section unless the rates are
18 adopted by a concurrent resolution approved by an affirmative roll call vote
19 of two-thirds of the members of each house of the legislature before the
20 legislature enacts the general appropriations bill. If the resolution is not
21 approved by two-thirds of the members of each house of the legislature, the
22 rates for the following fiscal year shall be the truth in taxation rates
23 determined pursuant to subsection C of this section and shall be transmitted
24 to the superintendent of public instruction and the county boards of
25 supervisors.

26 H. Notwithstanding subsection C of this section and if approved by the
27 qualified electors voting at a statewide general election, the legislature
28 shall not set a qualifying tax rate that exceeds \$2.1265 for a common or high
29 school district or \$4.253 for a unified school district. ~~The legislature~~
30 ~~shall not set a county equalization assistance for education rate that~~
31 ~~exceeds \$0.5123.~~

32 I. Pursuant to subsection C of this section, the qualifying tax rate
33 in fiscal year ~~2006~~ 2005-2006 for a common or high school district is \$1.8090
34 and for a unified school district is \$3.6180. ~~The county equalization~~
35 ~~assistance for education rate in fiscal year 2006 is \$0.4358.~~

36 Sec. 9. Section 42-17051, Arizona Revised Statutes, is amended to
37 read:

38 42-17051. Limit on county, municipal and community college
39 primary property tax levy

40 A. In addition to any other limitation that may be imposed, a county,
41 charter county, city, charter city, town or community college district shall
42 not levy primary property taxes in any year in excess of an aggregate amount
43 computed as follows:

44 1. Determine the maximum allowable primary property tax levy limit for
45 the jurisdiction for the preceding tax year.

1 2. Multiply the amount determined in paragraph 1 by 1.02.

2 3. Determine the assessed value for the current tax year of all
3 property in the political subdivision that was subject to tax in the
4 preceding tax year.

5 4. Divide the dollar amount determined in paragraph 3 by one hundred
6 and then divide the dollar amount determined in paragraph 2 by the resulting
7 quotient. The result, rounded to four decimal places, is the maximum
8 allowable tax rate for the political subdivision.

9 5. Determine the finally equalized valuation of all property, less
10 exemptions, appearing on the tax roll for the current tax year including an
11 estimate of the personal property tax roll determined pursuant to section
12 42-17053.

13 6. Divide the dollar amount determined in paragraph 5 by one hundred
14 and then multiply the resulting quotient by the rate determined in paragraph
15 4. The resulting product is the maximum allowable primary property tax levy
16 limit for the current year for all political subdivisions.

17 7. The allowable levy of primary property taxes for the current fiscal
18 year for all political subdivisions is the maximum allowable primary property
19 tax levy limit less any amounts required to reduce the levy pursuant to
20 subsections B and C of this section.

21 B. Any monies that a political subdivision received from primary
22 property taxation in excess of the sum of the amount of taxes collectible
23 pursuant to section 42-15054 and the allowable levy determined under
24 subsection A of this section shall be maintained in a separate fund and used
25 to reduce the primary property tax levy in the following year. Monies that
26 are received and that are attributable to the payment of delinquent taxes
27 that were properly assessed in prior years shall not be applied to reduce the
28 levy in the following year.

29 C. If, pursuant to section 41-1279.07, the auditor general determines
30 that in any fiscal year a county has exceeded its expenditure limitation, the
31 allowable levy of primary property taxes of the county determined under
32 subsection A of this section shall be reduced in the fiscal year following
33 the auditor general's hearing by the amount of the expenditures that exceeded
34 the county's expenditure limitation.

35 D. The limitations prescribed by this section do not apply to levies
36 made pursuant to ~~section 15-994 or~~ article 5 of this chapter.

37 E. The levy limitation for a political subdivision is considered to be
38 increased each year to the maximum permissible limit under subsection A of
39 this section regardless of whether the county, city, town or district
40 actually levies taxes in any year up to the maximum permissible amount.

41 F. For purposes of determining a county's levy limit under this
42 article, remote municipal property, as defined in section 42-15251, is
43 considered to be taxable property in the county.

1 Sec. 10. Section 42-17107, Arizona Revised Statutes, is amended to
2 read:

3 42-17107. Truth in taxation; election, notice and hearing; vote
4 on tax increase; definition

5 A. IF THE GOVERNING BODY OF A COUNTY, CITY OR TOWN INTENDS OR
6 ANTICIPATES AN INCREASE IN THE PRIMARY PROPERTY TAX LEVY, THE GOVERNING BODY
7 MUST RECEIVE APPROVAL BY THE QUALIFIED ELECTORS OF THE DISTRICT AS FOLLOWS:

8 1. THE GOVERNING BODY MUST SUBMIT THE ISSUE OF LEVYING INCREASED
9 PRIMARY PROPERTY TAXES TO THE QUALIFIED ELECTORS AT AN ELECTION HELD ON THE
10 THIRD TUESDAY IN MAY IN AN ODD-NUMBERED YEAR.

11 2. THE GOVERNING BODY SHALL PREPARE AND MAIL ONE COPY OF THE NOTICE OF
12 THE TAX INCREASE PRESCRIBED BY SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d) OF
13 THIS SECTION TO EACH HOUSEHOLD CONTAINING A REGISTERED VOTER IN THE DISTRICT.
14 THE MAILINGS MAY BE MADE OVER A PERIOD OF DAYS BUT MUST BE MAILED FOR
15 DELIVERY AT LEAST THIRTY DAYS BEFORE THE BEGINNING OF EARLY VOTING.

16 3. THE ISSUE SHALL BE PRESENTED ON THE BALLOT AS FOLLOWS: "MAY
17 [COUNTY, CITY, TOWN] RAISE ITS PRIMARY PROPERTY TAXES FOR THE _____
18 [AND _____] TAX YEAR[S] AS PROVIDED BY THE ARIZONA TRUTH IN TAXATION
19 LAWS? _____ YES _____ NO".

20 4. IF A MAJORITY OF THE QUALIFIED ELECTORS VOTING ON THE ISSUE:

21 (a) APPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BODY MAY
22 INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER OR BOTH OF THE CURRENT AND
23 IMMEDIATELY FOLLOWING TAX YEARS IN THE MANNER PRESCRIBED BY THIS SECTION AND
24 CONSISTENT WITH THE PROPOSITION DESCRIBED FOR THE PURPOSES OF THE ELECTION.

25 (b) DISAPPROVE THE INCREASED PROPERTY TAX LEVY, THE GOVERNING BODY
26 SHALL NOT INCREASE ITS PRIMARY PROPERTY TAX LEVY IN EITHER THE CURRENT OR THE
27 IMMEDIATELY FOLLOWING TAX YEAR.

28 ~~A.~~ B. On or before February 10 of the tax year, the county assessor
29 shall transmit and certify to the property tax oversight commission and to
30 the governing body of the county, city or town the total net primary assessed
31 values that are required to compute the levy limit prescribed by section
32 42-17051. IF AUTHORIZED BY THE QUALIFIED ELECTORS, AND if the proposed
33 primary property tax levy, excluding amounts that are attributable to new
34 construction, is greater than the amount levied by the county, city or town
35 in the preceding tax year in the county, city or town:

36 1. The governing body shall publish a notice that meets the following
37 requirements:

38 (a) The notice shall be published twice in a newspaper of general
39 circulation in the county, city or town. The first publication shall be at
40 least fourteen but not more than twenty days before the date of the
41 hearing. The second publication shall be at least seven but not more than
42 ten days before the date of the hearing.

43 (b) The notice shall be published in a location other than the
44 classified or legal advertising section of the newspaper in which it is
45 published.

1 (c) The notice shall be at least one-fourth page in size and shall be
2 surrounded by a solid black border at least one-eighth inch in width.

3 (d) The notice shall be in the following form, with the "truth in
4 taxation hearing-notice of tax increase" headline in at least eighteen point
5 type:

6 Truth in Taxation Hearing
7 Notice of Tax Increase

8 In compliance with section 42-17107, Arizona Revised
9 Statutes, _____ (name of county, city or town) is notifying
10 its property taxpayers of _____'s (name of county, city or
11 town) intention to raise its primary property taxes over last
12 year's level. _____ (name of county, city or town) is
13 proposing an increase in primary property taxes of \$ _____
14 or ____%.

15 For example, the proposed tax increase will cause
16 _____'s (name of county, city or town) primary property
17 taxes on a \$100,000 home to increase from \$ _____ (total
18 taxes that would be owed without the proposed tax increase) to
19 \$ _____ (total proposed taxes including the tax increase).

20 This proposed increase is exclusive of increased primary
21 property taxes received from new construction. The increase is
22 also exclusive of any changes that may occur from property tax
23 levies for voter approved bonded indebtedness or budget and tax
24 overrides.

25 All interested citizens are invited to attend the public
26 hearing on the tax increase that is scheduled to be held
27 _____ (date and time) at _____ (location).

28 2. In lieu of publishing the truth in taxation notice, the governing
29 body may mail the truth in taxation notice prescribed by paragraph 1 **OF THIS**
30 **SUBSECTION**, subdivision (d) to all registered voters in the county, city or
31 town at least ten but not more than twenty days before the date of the
32 hearing on the estimates pursuant to section 42-17104.

33 3. In addition to publishing the truth in taxation notice under
34 paragraph 1 **OF THIS SUBSECTION** or mailing the notice under paragraph 2 **OF**
35 **THIS SUBSECTION**, the governing body shall issue a press release containing
36 the truth in taxation notice.

37 4. The governing body shall consider a motion to levy the increased
38 property taxes by roll call vote.

39 5. Within three days after the hearing, the governing body shall mail
40 a copy of the truth in taxation notice, a statement of its publication or
41 mailing and the result of the governing body's vote under paragraph 4 to the
42 property tax oversight commission.

43 6. The governing body shall hold the truth in taxation hearing on or
44 before the adoption of the county, city or town budget under section
45 42-17105.

1 ~~B.~~ C. IF THE QUALIFIED ELECTORS DISAPPROVE AN INCREASED PRIMARY
2 PROPERTY TAX LEVY OR if the governing body fails to comply with the
3 requirements of this section, the governing body shall not fix, levy or
4 assess an amount of primary property taxes that exceeds the preceding year's
5 amount, except for amounts attributable to new construction.

6 ~~C.~~ D. For the purposes of this section, "amount attributable to new
7 construction" means the net assessed valuation of property added to the tax
8 roll since the previous year multiplied by a property tax rate computed by
9 dividing the primary property tax levy of the county, city or town in the
10 preceding year by the estimate of the total net assessed valuation of the
11 county, city or town for the current year, excluding the net assessed
12 valuation attributable to new construction.

13 Sec. 11. Section 48-3620, Arizona Revised Statutes, is amended to
14 read:

15 48-3620. Certification and levy of taxes; limitation

16 A. The district shall annually, not less than fifteen days before the
17 first day of the month in which the county board of supervisors is required
18 by law to levy county taxes, certify to the board of supervisors:

19 1. The amount of taxes to be levied in each year on the taxable real
20 property in the district as it considers necessary or appropriate to pay the
21 expenses of administering the district and maintaining and operating the
22 district's flood control system, to carry out its regulatory functions and to
23 carry out any of the objects and purposes of this article of common benefit
24 to the district. The maintenance and operation tax proceeds not used for
25 current expenses of maintenance and operation may either be paid into a
26 reserve to be accumulated for such purpose or may be used for extending,
27 improving and constructing the flood control system including acquiring
28 rights-of-way.

29 2. The amount of taxes to be levied in each year on all taxable real
30 property in each zone or in any of the zones into which the district has been
31 divided, according to the benefits derived or to be derived by the respective
32 zones, to pay the cost and expenses of carrying out any of the objects or
33 purposes of this article of special benefit to the respective zones,
34 including acquiring, constructing, maintaining, operating, extending,
35 repairing or otherwise improving any or all flood control works or
36 improvements in the respective zones and including acquiring
37 rights-of-way. No revenues derived from any of the several zones from the
38 taxes levied under this section may be expended for acquiring, constructing,
39 maintaining, operating, extending, repairing or otherwise improving any works
40 or improvements located in any other zone, except under section 48-3620.01.

41 3. The amount of secondary property taxes necessary to be levied to
42 pay the principal and interest falling due during the ensuing year on, or to
43 provide a sinking fund for, any bonds issued pursuant to section 48-3619.

1 B. The taxes collected pursuant to this section shall be paid to the
2 district treasurer and used solely for the purpose for which they were
3 levied.

4 C. The board of supervisors at the time of levying general county
5 taxes shall levy and cause to be collected in the manner prescribed by law
6 for county taxes a property tax or taxes on the taxable real property in the
7 district, zone or zones sufficient to provide the amounts set forth in
8 subsection A of this section.

9 D. If the district fails to certify to the board of supervisors any of
10 the amounts of taxes necessary to be levied as required by this section, the
11 board of supervisors shall ascertain the amount which should have been
12 certified and shall levy the tax sufficient to produce such amount.

13 E. If a district is located in a county having a population of less
14 than six hundred thousand persons according to the most recent United States
15 decennial census, beginning with the 1993 tax year, the aggregate taxes
16 levied in any year under this article by the district for the purposes listed
17 in subsection A, paragraph 1 of this section shall not exceed twenty per cent
18 of the county primary property tax rate ~~exclusive of the county equalization~~
19 ~~assistance for education rate~~ or fifty cents per one hundred dollars of
20 assessed valuation, whichever is greater. The aggregate taxes levied for any
21 year under this article on property in a zone for the purposes listed in
22 subsection A, paragraph 2 of this section in a district located in a county
23 having a population of less than six hundred thousand persons according to
24 the most recent United States decennial census, if added to the aggregate
25 taxes, if any, levied for the purposes listed in subsection A, paragraph 1 of
26 this section, shall not exceed twenty per cent of the county primary property
27 tax rate ~~exclusive of the county equalization assistance for education rate~~
28 or fifty cents per one hundred dollars of assessed valuation, whichever is
29 greater. The taxes levied under this article in a district located in a
30 county having a population of less than six hundred thousand persons
31 according to the most recent United States decennial census may exceed the
32 limits prescribed by this subsection if approved by a majority of the
33 qualified electors of the district voting in a regular general election held
34 pursuant to title 16, chapter 2, article 2 or at a special election held
35 pursuant to title 16, chapter 2, article 3. The ballot for the election
36 shall specifically state the proposed rate and the fiscal year or years in
37 which the excess tax levies are proposed to be assessed.

38 Sec. 12. 2006 primary property tax levies; counties, cities,
39 towns and community college districts

40 Notwithstanding sections 15-1461 and 42-17107, Arizona Revised
41 Statutes, as amended by this act, for tax year 2006, a county, city, town or
42 community college district shall not fix, levy or assess an amount of primary
43 property taxes that exceeds the amount levied in the 2005 tax year, excluding
44 amounts that are attributable to new construction.